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SUBJECT: SPAIN: RESPONSE TO DEMARCHE ON IFC PRIVATE

ENTERPRISE PARTNERSHIP FOR THE MIDDLE EAST AND NORTH AFRICA

REF: STATE 186398

We delivered reftel talking points August 30 to the Spanish Agency for International Development and the Ministry of Foreign Affairs. Econoff received the official GOS response September 23 from Technical Advisor to the Secretary of State for International Cooperation Manuel Alhama Orenes. Alhama said that colleagues working on Middle Eastern issues expressed great interest in the proposed International Finance Corporation (IFC) Small and Medium Enterprise facility. He also noted that colleagues covering Iraq mentioned the urgent need for additional technical assistance for reconstruction projects to succeed in Iraq. He promised that his agency would study the IFC proposal further, but stated that a decision could not be made at this time. He also mentioned the difficulty of funding new projects at the end of the 2004 budget cycle. Econoff questioned whether funds might be made available in 2005 considering that Spanish aid budgets will be increased. Alhama answered that this might be a possibility, depending on the priorities in the new four year aid plan that will be announced on December 1. Embassy will continue to engage GOS on supporting the IFC facility.

MANZANARES